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St. Albert,
Alberta

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CanadaWest
FOUNDATION

Our Vision
A dynamic and prosperous
West in a strong Canada.

Our Mission
A leading source of strategic
insight, conducting and
communicating non-partisan
economic and public policy
research of importance to
the four western provinces
and all Canadians.

CURRENTS Western Canada's Monthly Economic Bulletin

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Monthly Highlights

The national rate of unemployment increased to 6.1% despite an increase in total employment. Manitoba's unemployment rate dropped by half a percentage point, making it the second lowest of all provinces after Alberta.

Average weekly earnings growth in the prairie provinces continued to outpace the national average in the opening months of 2008.

Although rising food and gasoline prices have been grabbing headlines lately, Statistics Canada reported that

the rate of increase in consumer prices slowed again in March. Alberta's inflation rate slipped below 3% for the first time since December 2005.

The cooling housing market in Alberta is reflected in the number of housing starts and the value of residential building permits, both of which are noticeably down. The opposite is true in Saskatchewan, where housing demand and market activity remain strong.

Retailers in Saskatchewan and Manitoba continue to do brisk business. In both provinces, the total value of

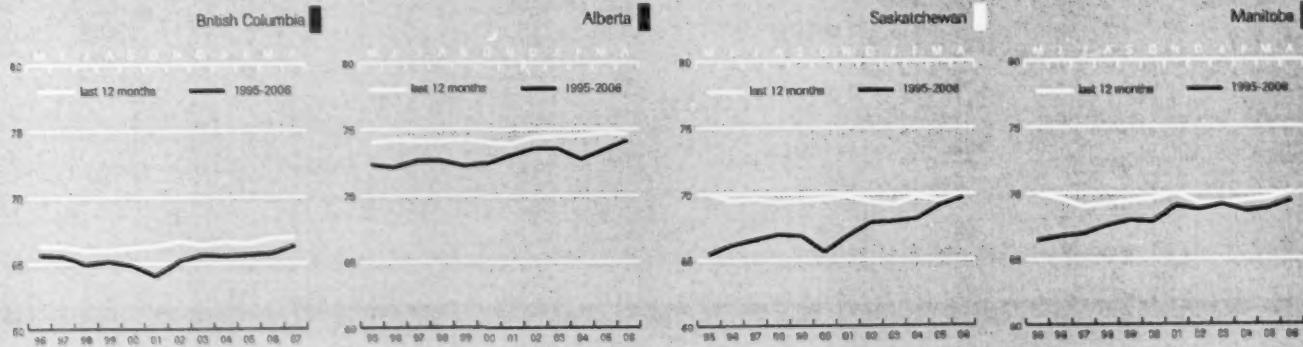
retail sales for the past three months is up considerably compared to the same period a year earlier.

Manufacturers in most of the country continue to struggle due to the faltering US economy, the strong dollar, and rising energy prices. Sales of BC manufacturers are down significantly compared to the previous year. Saskatchewan's manufacturing sector stands out with sales that are up compared to the same period last year.

Monthly Economic Statistics	BC	AB	SK	MB	Canada	Reference Month
Employment (SA, 000s)	2,324.3	2,008.1	510.1	611.7	17,136.0	April
% change, 3-month ma, yoy	2.7	3.1	1.3	2.1	2.1	
Unemployment rate (SA, %)	4.3	3.3	4.3	3.8	6.1	April
Participation rate (SA, %)	67.0	74.6	69.8	70.1	68.0	April
Average weekly earnings (SA, \$)	777.44	867.40	742.10	722.54	786.80	February
% change, 3-month ma, yoy	2.5	4.0	4.5	4.0	2.9	
CPI inflation, annual (%)	1.2	2.9	3.2	1.3	1.4	March
Building permits, residential (SA, \$ millions)	670.9	514.3	94.7	93.1	3,577.7	February
% change, 3-month ma, yoy	6.7	-7.1	36.7	10.8	3.6	
Building permits, non-residential (SA, \$ millions)	276.0	482.6	50.9	23.5	2,017.4	February
% change, 3-month ma, yoy	-35.4	35.9	2.3	-31.5	-0.6	
Housing starts (SAAR, 000s)	375	33.6	5.2	6.0	213.9	April
% change, 3-month ma, yoy	11.7	-18.9	22.6	19.0	9.8	
Retail trade (SA, \$ millions)	4,744	5,192	1,170	1,248	35,487	February
% change, 3-month ma, yoy	5.3	5.7	16.1	11.9	8.4	
Wholesale trade (SA, \$ millions)	4,360	5,377	1,379	1,113	42,556	February
% change, 3-month ma, yoy	0.6	3.5	20.3	8.5	0.3	
Manufacturing sales (SA, \$ millions)	3,342	5,564	953	1,329	50,102	February
% change, 3-month ma, yoy	8.3	-0.6	9.0	0.1	4.1	

Source: Statistics Canada. yoy=year over year; ma=moving average. SA=seasonally adjusted. SAAR=seasonally adjusted at annual rates

Labour Market Participation Rate (%)



Did you know?

Foreign direct investment in Canada reached \$501 billion in 2007. Canadian direct investment abroad was slightly higher at \$515 billion.

Fewer young women than men quit school without finishing high school. Female dropouts are also more likely than men to return to class to finish their high school education.

Over 55,000 factory jobs were lost nationwide in 2007, a 3% decrease from 2006 and the largest annual drop since the recession of the early 1990s.

In 2007, real economic growth in all four western provinces and the three territories surpassed the national average.

Research has shown that high-income Canadians tend to spend more time on the job, less time with their children, and less time engaged in leisure activities.

City in Profile: St. Albert, Alberta

St. Albert is located adjacent to Edmonton. The drive from downtown Edmonton to St. Albert takes about 20 minutes. The city is currently home to more than 57,000 residents and its population increased 8.7% between the 2001 and 2006 Census. According to the most recent Census, 2005 median family income in St. Albert (\$98,400) was 33% higher than the Alberta average (\$73,800) and 54% higher than the national average (\$63,900).

St. Albert is part of the Greater Edmonton Region with a population of over one million people. The city serves as a regional trading centre for many communities to the north. St. Albert's economic base has diversified over time and includes light industry, warehousing and distribution, plastics manufacturing and construction.

Founded in 1861 by Father Albert Lacombe, St. Albert was, at the time, the largest agricultural settlement west of Winnipeg. In 1900, St. Albert was incorporated as a village and became a city in 1977. Downtown St. Albert is home to western Canada's largest outdoor farmers' market, which attracts over 10,000 people every Saturday in the summer months.



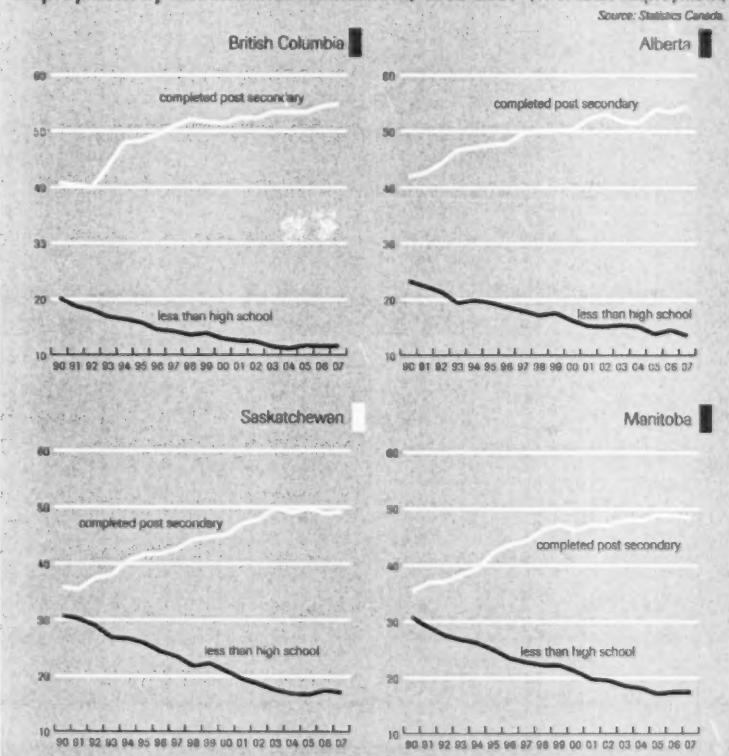
BEHIND THE NUMBERS

Technological advancement and the increasing importance of knowledge-based industries have contributed to the need for a more educated workforce. In the West, the percentage of employed people that have completed post-

secondary education increased from 39.8% to 53.5% between 1990 and 2007. (Post-secondary in this context includes certificates or diplomas as well as university degrees.) In contrast, the proportion of workers with less than high school fell from 23.9% to 13.4%.

This trend is likely to continue. Industries and occupations that require highly skilled and highly educated workers continue to gain prominence within the Canadian economy. Demographic changes will also play a part, as older workers are replaced by younger workers who have, on average, more education.

Employment by Educational Attainment, 1990-2007 (% of total employment)





Aerial view of St. Albert, Alberta. Photo by Olav Rokne for the Saint City News

economy is in excellent or good shape. At the other end of the continuum are Manitobans, with 6 in 10 stating that the provincial economy is doing well. Saskatchewan residents are considerably more likely than residents in other western provinces to state that their provincial economy has improved over the last five years (see figure below). Just under one-half of Manitoba residents feel that their provincial economy improved over the past five years—considerably lower than the other three provinces.

Despite the generally positive attitude, it is important to note that a significant number of westerners are negative about the economy. One-quarter feel that the current state of the national economy is best described as fair or poor and that things are likely to get worse in the next five years rather than hold steady or improve. In addition, rural residents are less likely to be in a positive mood about their local economic situation, with 4 in 10 saying that the local economy is fair or poor, while only 2 in 10 large city residents describe their local economy in less than positive terms.

At the personal level, roughly one-half of western Canadians feel that they are better off financially today compared to five years ago, about one-third feel that things are about the same and 15.4% feel that they are worse off than before. The results for how people anticipate their personal future finances are very similar.

A CONFIDENT TIME: CURRENT ECONOMIC PERCEPTIONS OF WESTERN CANADIANS

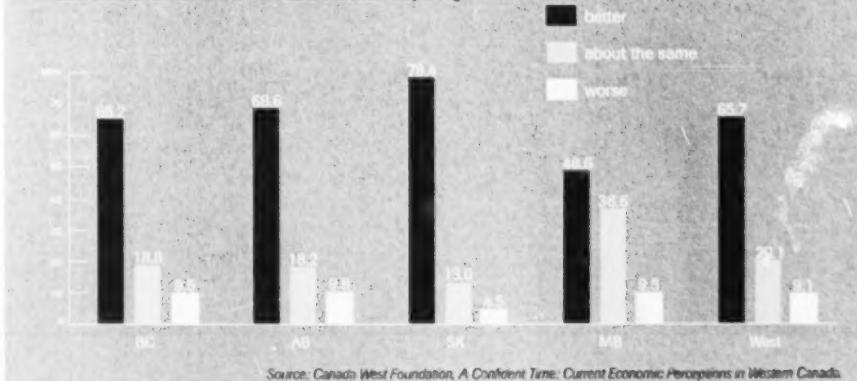
After years of strong economic growth both nationally and provincially, western Canadians are generally bullish about the economy, with 7 in 10 giving the national economy a positive rating, 8 in 10 giving their provincial economy a positive rating, and 7 in 10 giving their local economy a positive rating. Perceptions of the national economy are roughly the same as those of the provincial and local economies.

While there is little variation amongst the provinces when it comes to rating the current state of Canada's economy, residents of Saskatchewan (70.7%) are more likely than residents of Manitoba (59.1%) to state that the national economy has gotten better over the last five years. Saskatchewan residents are also a bit more optimistic about the next five years than their counterparts in the other western provinces, with 42.4% stating that the national economy will get better in the years ahead compared to a regional average of 33.1%.

When it comes to provincial economies, Albertans stand out as feeling the best about their province's current economic situation, with 9 in 10 stating that conditions are excellent or good. Clearly, Albertans know a boom when they see one. Saskatchewan residents are also in a good economic mood, with 8 in 10 stating that the provincial

The Provincial Economy Compared to Five Years Ago

Survey question: "Compared to five years ago, would you say that the [province] economy right now is doing much better, somewhat better, about the same, somewhat worse, or much worse than it was five years ago?"





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Westerners Shouldn't Be Smug

by Brett Gartner, Senior Economist

It has been five years since the Canada West Foundation released the last edition of the "State of the West," its compendium of demographic and economic data about the individual western provinces, the region as a whole, and how it compares to the other parts of Canada. Since then, there has been change in almost every aspect of western Canada, including immigration, interprovincial migration, the Aboriginal population, urbanization, agriculture, employment, economic growth, and international trade.

The data clearly show the rising economic strength of the four western provinces. A sample of facts from "State of the West" back this up.

Employment: From 2005 to 2007, employment growth was more than twice as strong in the West as in the rest of Canada. Alberta alone was responsible for one-quarter of all new jobs in Canada in the past two years. In recent years, BC's unemployment rate has dropped like a stone, dropping by half from 2002 to 2007. Nowhere in Canada did the rate of unemployment for young people drop as much as in BC.

Economic growth: Over the period 1982 to 2006, Alberta was the only western province where the average annual rate of real economic growth was higher than the country as a whole. In recent years, however, the West has outperformed the national average. All four western provinces bettered the national rate of economic growth in 2007. BC has exceeded the national average for six consecutive years. Manitoba posted its best performance in seven years. Although Manitoba has not garnered as many headlines as Alberta or, more recently, Saskatchewan, its rate of growth in recent years has been the most stable in Canada while, at the same time, trending upwards. The West's share of national economy has increased from 32% to 36% over the past five years, while the shares of both Ontario and Quebec have slipped. The combined share of the four Atlantic provinces has held steady at about 6%.

Demographic growth: The facts also show that people tend to move where the jobs are, places where economic opportunities are relatively plentiful. The West's population has grown at an average rate of 1.5% per year over the last three decades while the rest of the country grew at an annual rate of 1.0%. While the growth in the West has been primarily due to BC and Alberta,

population growth has recently picked up steam in Saskatchewan and Manitoba. The four fastest growing provincial populations in 2007 were all in western Canada.

The Canada West Foundation has never been shy in touting the West's many strengths. We sometimes sound like proud parents talking about the accomplishments of their children. But, celebrating the region's strengths does not imply a victory/defeat scenario, where the West wins and the rest of Canada loses. It's not the four western provinces against the rest of the country. The vision of the Canada West Foundation is "a dynamic and prosperous West in a strong Canada." A "strong Canada" includes economic opportunity for all Canadians and prosperity across the country. This, to be clear, does not rule out friendly rivalries or healthy competition, important elements of any strong economy.

A good deal of recent economic commentary in Canada has centered around the faltering Ontario economy. There has been thousands of job losses in the declining manufacturing sector, and talk of a recession and the prospect of Ontario becoming a "have-not" province.

Now, westerners have been known to have a chip on their collective shoulders when it comes to Ontario. Some westerners are no doubt getting some pleasure from the fact that Ontario is struggling economically while the West is doing fairly well.

I have a simple message for anyone who feels this way—wipe that grin off your face.

A strong Canada needs a strong Ontario, just as it needs a strong West, North and Atlantic region. Consider these facts.

Ontario accounts for 38% of Canada's economic output and 39% of employment.

Approximately 45% of Canada's 500 largest corporations are headquartered in Ontario.

Despite its current woes, Ontario remains a truly powerful force in the national economy. This is something that will not change any time soon. The prospect of a protracted decline in the Ontario economy is bad news not just for Ontarians, but for all of Canada, including the West.

So, fellow westerners, let's not be smug—it's not an attractive quality.